Nova Scotia Film Development Corporation

Annual Report 2003/2004

TABLE OF CONTENTS

1 Message from the Minister
2 Message from the Chair
3 Board of Directors
4 Contracted Projects 2003-2004
5 Message from the CEO
6 Nova Scotia Film Development Corporation
9 Nova Scotia Film Industry Production (graph)
10 Auditors' Report
11 Statement of Financial Position
13 Statement of Operations and Changes in Net Assets
14 Notes to Financial Statements

The River King
imX communications/Rainer Film Company
Photo Credit: Chris Reardon

Cover Photo: Blessings
Lucy Kennedy Productions
Photo Credit: Chris Reardon

Reversible Errors
von Zerneck/Sertner Films
Photo Credit: Chris Reardon

105-00445/

MESSAGE FROM THE MINISTER

Nova Scotia competes in a global industry for the guest productions and co-productions that boost our film sector. The mainly small and medium-sized local firms that make up the industry's base are becoming a strong part of our economy. In each of the last six years, the film industry contributed more than $100 million to the local economy. In the past year more than 2,000 Nova Scotians were once again employed in this exciting industry.

Nova Scotia enjoys gifted producers, dedicated and experienced crews, a sophisticated production infrastructure, and fantastic locations. These, along with the Film Industry Tax Credit and the Nova Scotia Film Development Corporation's programs, which include production financing, marketing initiatives and location services, help attract guest productions.

The success of Nova Scotia's film industry is in no small part the result of the vision provided by the Nova Scotia Film Development Corporation volunteer Board of Directors, under the chairmanship of Martin Pink, and the excellent contributions of staff under the leadership of CEO, Ann MacKenzie.

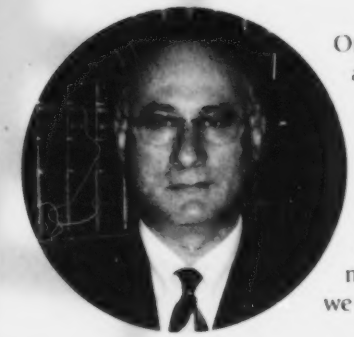
The high level of film activity in this province - by both local and guest filmmakers - clearly shows us that the film industry here is one of the most promising sectors of Nova Scotia's economy. As you read this annual report you will see why the Province is proud to partner with and support the Nova Scotia Film Development Corporation.

Congratulations on yet another successful year.

Ernest Fage
Minister responsible for
the Nova Scotia Film Development Corporation

Chef at Large III
Ocean Entertainment Ltd./
Cellar Door Productions Ltd.
Photo Credit: Edward Mowbray

MESSAGE FROM THE CHAIR



On behalf of the Board of Directors, I am pleased to present the Government and the people of Nova Scotia with the 2003-2004 Annual Report on the activities of the Nova Scotia Film Development Corporation.

The Nova Scotia Film Development Corporation's (NSFDC) mandate is to grow Nova Scotia's film, television, and new media industry with its partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills and creativity in global markets. With production activity in the province of $113 million this year, we are proud to report that our goal is being met.

This year has been a busy one for the NSFDC in terms of revitalizing its marketing materials and enhancing the services provided through our Locations Department. Marketing materials, the Website and the quarterly Reel News newsletter provide relevant and current details on the many programs offered by the NSFDC. In addition, we installed a digital photo library to increase the speed of filling location requests and to provide information in the format desired by recipients whether that is a physical photograph, an electronic digital image or a personalized temporary website.

NSFDC hosted a familiarization tour for an international studio to showcase the endless possibilities Nova Scotia offers for guest productions. Guest productions shoot in Nova Scotia for the province's spectacular locations, experienced crews, broad infrastructure of sound stages, production and post-production houses, and equipment supply companies. Add to these competitive advantages, the value of the Canadian dollar, the Film Industry Tax Credit, and NSFDC's programs - and Nova Scotia offers a very attractive package.

Much cooperation is required to sustain the current level of production activity, and through membership in the Film Advisory Committee (FAC) NSFDC launched a *Thank You Halifax Regional Municipality, Thank You Nova Scotia* campaign this year recognizing the support provided by residents of the province. FAC has membership from the production community, unions and guilds, Halifax Regional Municipality, and suppliers and meets regularly to share information and address concerns.

The success of Nova Scotia's film industry could not have been achieved without the active support of the Province of Nova Scotia. The industry receives support and funding through direct investments in film projects, training programs, and infrastructure to sustain the industry such as the Film Industry Tax Credit, sound stages, and animation facilities. The Premier, the Honourable John Hamm, and the Minister of Economic Development, the Honourable Ernest Fage, remain strong supporters of film, television, and new media with a commitment to vigorously promote Nova Scotia as a film, television, and multi-media production location.

The Board is proud of the CEO, Ann MacKenzie, and her team at NSFDC. The level of activity in the film industry and community partnerships is a testament to their hard work and commitment to their clients.

To conclude, the Board of the Nova Scotia Film Development Corporation is proud to have worked with the many talented and committed people involved in growing our film, television, and new media industry and we are pleased to have been able to make a significant contribution to the economy in Nova Scotia.

Martin Pink, QC
Chair, NSFDC

THE BOARD OF DIRECTORS

Martin Pink, Chair

Martin Pink, QC

Chair 2001 - 2004 and Director 2000, Yarmouth

Michael Condé, Director

Michael Condé

Director 2000 - 2004, Secretary, Halifax

Bruce MacDonald

Director 2001 - 2004, Treasurer, Baddeck

Bruce MacDonald, Director

Rita Lamontagne MacDonald

Director 2001 - 2004, Martin's Point

Rita Lamontagne MacDonald, Director

Ernest Dick

Director 2002 - 2004, Granville Ferry

Ernest Dick, Director

Paul MacKinnon

Director 2002 - 2004, Halifax

Paul MacKinnon, Director

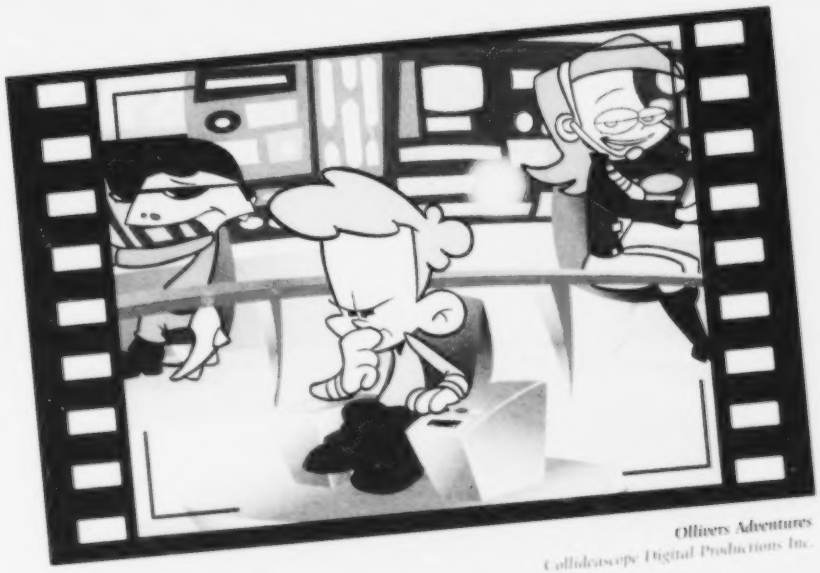
Ken Eisner

Director 2003 - 2004, Truro

Ken Eisner, Director

Shattered City: The Halifax Explosion
Salter Street Films/Tapestry Pictures
Photo Credit: Dan Callis

CONTRACTED PROJECTS MARCH 31, 2004



Olliver's Adventures
Collideascope Digital Productions Inc.

Summary - Program Funds Contracted & Tax Credits Finalized for the year ended March 31, 2004

Equity Investments	$2,470,132
Development Loans	$73,897
Special Projects	$86,150
Total Program Funds	$2,630,179
Finalized Tax Credits	$15,002,765
Total Contracted Program Funds & Finalized Tax Credits	**$17,632,944**

Production	Producer	Amount
Equity Investments Contracted March 31, 2004		
3 Needles	Emotion Pictures Inc.	$150,000
After Frank	The Monster Productions Inc.	$15,000
Chamberpiece	Jampolsky Pictures Inc.	$15,000
Cheeseburgers, Guns, and the American Dream	Manifestation Television Inc.	$30,000
Chef at Large III	Ocean Entertainment Ltd./Cellar Door Productions Inc.	$100,000
Circle of Justice	Duncan Moss Productions Ltd./ T.P. Productions Inc.	$50,000
Classical Now, The	Redstar Films Ltd.	$90,000
Crushed Jewels on Canvas: The Ernest Lawson Story	Envision Productions Ltd.	$30,000
Do You Believe in Magic?	Redstar Films Ltd.	$12,000
Fast Girls	Arcadia Entertainment Ltd.	$60,000
Guru In The Arctic, The	Nexus Media Inc.	$28,092
Homegrown Hip Hop	Creative Atlantic Communications Ltd.	$35,000
In The Village	Nexus Media Inc.	$30,000
Mechanical Chicks	Ocean Entertainment Ltd.	$65,000
Mocean Dance	New Scotland Pictures Inc.	$10,350
Body of Knowledge	Blue Sky Films Ltd.	$100,000
Northern Lights: Canada's UFO X-Files	Road House Films Inc.	$42,000
Olliver's Adventures III	Collideascope Digital Productions Inc.	$200,000
Political Animals	Big Motion Pictures Ltd.	$200,000
Quartet Plus Four at Christmas	New Scotland Pictures Inc.	$46,875
Rock Camp	Collideascope Digital Productions Inc.	$170,000
Rock Camp Online	Collideascope Digital Productions Inc.	$30,000
Seats 3A & 3C	imX communications inc.	$50,000
Shattered City: The Halifax Explosion	Salter Street Films Ltd./Tapestry Pictures Inc.	$250,000
Singular Series, The	Creative Atlantic Communications Ltd.	$60,000
Spirit Talk: A Canadian Tradition	Manifestation Television Inc.	$20,000
Tales of a Psychic Medium	Moonglow Digital Video Productions Ltd.	$10,815
Terror in the Aisles	Ocean Entertainment Ltd.	$35,000
Test of Faith, A	Roscevs Films Inc.	$10,000
Trailer Park Boys IV	TPB Productions Ltd.	$150,000
Trudeau II	Big Motion Pictures Ltd.	$200,000
Wilby Wonderful	Palpable Productions Inc./ da da kameta pictures inc.	$175,000
TOTAL		$2,470,132
Development Loans Contracted March 31, 2004		
Adoption Stories	Collideascope Digital Productions Inc.	$15,000
Bug and A Bag of Weed, A	Afterdark Productions Inc.	$15,000
Fast Girls	Arcadia Entertainment Inc.	$7,000
Seadogs	Creative Atlantic Communications Ltd.	$14,546
Small Town News	The Monster Productions Inc.	$11,600
Tony & Fatso	Topsail Entertainment Ltd.	$6,000
Tranquilla	Prospero Entertainment Corp.	$4,751
TOTAL		$73,897
Special Projects Contracted March 31, 2004		
Film 5	Atlantic Filmmakers Cooperative	$30,000
23rd Atlantic Film Festival	Atlantic Film Festival Association	$25,000
Film & Television Professional Development	Moving Images Group	$4,150
NextDoc Training & Production Program	Centre For Art Tapes	$13,000
Scholarship/Mentorship	Centre For Art Tapes	$4,000
Totally Television	National Screen Institute	$10,000
TOTAL		$86,150

CONTRACTED PROJECTS MARCH 31, 2004

Olliers Adventures
Collideascope Digital Productions Inc.

Summary - Program Funds Contracted & Tax Credits Finalized for the year ended March 31, 2004

Equity Investments	$2,470,132
Development Loans	$73,897
Special Projects	$86,150
Total Program Funds	$2,630,179
Finalized Tax Credits	$15,002,765
Total Contracted Program Funds & Finalized Tax Credits	**$17,632,944**

Equity Investments Contracted March 31, 2004

Production	Producer	Amount
3 Needles	Emotion Pictures Inc.	$150,000
After Frank	The Monster Productions Inc.	$15,000
Chamberpiece	Jampolsky Pictures Inc.	$15,000
Cheeseburgers, Guns, and the American Dream	Manifestation Television Inc.	$30,000
Chef at Large III	Ocean Entertainment Ltd./Cellar Door Productions Inc.	$100,000
Circle of Justice	Duncan Moss Productions Ltd./ T.P. Productions Inc.	$50,000
Classical Now, The	Redstar Films Ltd.	$90,000
Crushed Jewels on Canvas: The Ernest Lawson Story	Envision Productions Ltd.	$30,000
Do You Believe in Majic?	Redstar Films Ltd.	$12,000
Fast Girls	Arcadia Entertainment Ltd.	$60,000
Guru In The Arctic, The	Nexus Media Inc.	$28,092
Homegrown Hip Hop	Creative Atlantic Communications Ltd.	$35,000
In The Village	Nexus Media Inc.	$30,000
Mechanical Chicks	Ocean Entertainment Ltd.	$65,000
Mocean Dance	New Scotland Pictures Inc.	$10,350
Body of Knowledge	Blue Sky Films Ltd.	$100,000
Northern Lights: Canada's UFO X-Files	Road House Films Inc.	$42,000
Olliver's Adventures III	Collideascope Digital Productions Inc.	$200,000
Political Animals	Big Motion Pictures Ltd.	$200,000
Quartet Plus Four at Christmas	New Scotland Pictures Inc.	$46,875
Rock Camp	Collideascope Digital Productions Inc.	$170,000
Rock Camp Online	Collideascope Digital Productions Inc.	$30,000
Seats 3A & 3C	imX communications inc.	$50,000
Shattered City: The Halifax Explosion	Salter Street Films Ltd./Tapestry Pictures Inc.	$250,000
Singular Series, The	Creative Atlantic Communications Ltd.	$60,000
Sweet Talk: A Canadian Tradition	Manifestation Television Inc.	$20,000
Tales of a Psychic Medium	Moonglow Digital Video Productions Ltd.	$10,815
Terror in the Aisles	Ocean Entertainment Ltd.	$35,000
Test of Faith, A	Roscevis Films Inc.	$10,000
Trailer Park Boys IV	TPB Productions Ltd.	$150,000
Trudeau II	Big Motion Pictures Ltd.	$200,000
Wilby Wonderful	Palpable Productions Inc./ da da kamera pictures inc.	$175,000
TOTAL		**$2,470,132**

Development Loans Contracted March 31, 2004

Adoption Stories	Collideascope Digital Productions Inc.	$15,000
Bug and A Bag of Weed, A	Afterdark Productions Inc.	$15,000
Fast Girls	Arcadia Entertainment Inc.	$7,000
Seadogs	Creative Atlantic Communications Ltd.	$14,546
Small Town News	The Monster Productions Inc.	$11,600
Tony & Fatso	Topsail Entertainment Ltd.	$6,000
Tranquilla	Prospero Entertainment Corp.	$4,751
TOTAL		**$73,897**

Special Projects Contracted March 31, 2004

Film 5	Atlantic Filmmakers Cooperative	$30,000
23rd Atlantic Film Festival	Atlantic Film Festival Association	$25,000
Film & Television Professional Development	Moving Images Group	$4,150
NextDoc Training & Production Program	Centre For Art Tapes	$13,000
Scholarship/Mentorship	Centre For Art Tapes	$4,000
Totally Television	National Screen Institute	$10,000
TOTAL		**$86,150**

MESSAGE FROM THE CEO

Nova Scotia's film, television, and new media industry continued its solid performance in 2003-2004, by recording its sixth consecutive year of production activity exceeding the $100 million mark. It came in at $113 million with local production at $62 million, and guest production contributing another $51 million.

The Nova Scotia Film Development Corporation (NSFDC) made much progress last year at a community level in moving the industry forward. Over the summer a series of focus group meetings were held to assess the major challenges facing the industry and to brainstorm on innovative solutions to optimize on opportunities. As a result, the Nova Scotia Film Industry Stakeholders Taskforce was formed in December. Their challenge is to oversee an economic impact analysis of the industry and to create a long-term strategy by the summer of 2004.

The NSFDC tax credit process was streamlined by hiring an additional person to work exclusively on tax credits. This step decreased processing time considerably. We also launched a new distribution assistance program to encourage distributors to provide more extensive local releases for Nova Scotia feature films.

Last year local filmmakers continued to create world-class productions that garnered many awards and attracted large audiences. Feature films shot on location in Nova Scotia included Thom Fitzgerald's *3 Needles*, Palpable Productions' *Willy Wonderful*, written and directed by Cape Breton's Daniel MacIvor, and imX communications' *The River King* starring Edward Burns.

On the television side, Trailer Park Productions' *Trailer Park Boys* broke into the American market on BBC America, and actor Mike Smith won the Viewers Choice Award for Comedy at the Geminis for his portrayal of the ever-popular character "Bubbles". Salter Street Films' *This Hour Has 22 Minutes* took home several Geminis again this year, and their animated series *Poko* attracted large audiences in its first season. Redstar Films' *The Classical Now* introduced some of Canada's best new performers to a TV audience, while Collideascope Digital Productions focused on young people in another genre of music with their reality series *Rock Camp*. A well-known local dance troupe was showcased in New Scotland Pictures' *Mocean Dance*, and Creative Atlantic Communications' *The Singular Series* taped six comedic actors performing one-person plays before live audiences. Big Motion Pictures produced *Sleep Murder*, a CTV "Signature Series" drama based on a true story, starring Jason Priestly and Inuit actor Natar Ungalaaq (*Atanjuat: The Fast Runner*), and Ocean Entertainment continued its popular *Chef at Large* series for the Food Network.

Nova Scotia's profile as a prime location for film shooting continues to grow and once again guest productions brought an exciting collection of recognizable celebrities to the province. CBS filmed three movies-of-the-week (MOWs) here last year. *Blessings* featured 1970s TV favourite Mary Tyler Moore; Peter Falk reprised his role of the angel "Max" in *Finding John Christmas* (*A Town Without Christmas* shot in Nova Scotia in 2001); and Dylan Baker and Lindsay Frost starred in *The Elizabeth Smart Story*. Tom Selleck, William H. Macy and Felicity Huffman enjoyed Nova Scotia hospitality while filming the CBS mini-series *Reversible Errors*. The Lifetime Network also shot three MOWs: *Sex & the Single Mom* starring Gail O'Grady of *NYPD Blue* fame, *Gracie's Choice* with Ann Heche, and *Teens* with Marcia Gay Harden.

NSFDC continued its partnership with Empire Theatres by screening films on a quarterly basis at the Oxford Theatre in Halifax. The screening nights are a favourite that attract large audiences and give local filmmakers an opportunity to show their works to a home audience, and the public has a first-hand opportunity to experience some of the high-quality programs made possible by the support of the NSFDC.

In partnership with the Atlantic Film Festival, we presented a two-day *Celebration of Nova Scotia Filmmakers* screening of Nova Scotia produced documentaries, television series and feature films, including the documentaries *The Shag Harbour UFO Incident* (Ocean Entertainment), *Tough Guys* (Topsail Entertainment/Trailer Park Productions), *Soul Searching for the Blues* (Conquistador Films), and *Cecil's Journey* (Triad Film Productions).

Through the Nova Scotia Film Industry Tax Credit, Equity Investment, Development Loan, New Media, Sponsorships, Special Awards, Partnerships in Training, Distribution Assistance, and Travel/Market Assistance programs, NSFDC and the Province of Nova Scotia are proud to play a solid role in the development of Nova Scotia's vibrant film industry.

It is my pleasure to work with Nova Scotia's many talented filmmakers, a supportive board of directors, the provincial government, and the dedicated team members of the NSFDC. The film, television, and new media industry requires a great deal of collaboration on all fronts and Nova Scotia's community consistently meets this challenge.

Ann MacKenzie, CA, CPA
Chief Executive Officer

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Corporation

Created in 1990, the Nova Scotia Film Development Corporation is a Provincial Crown Corporation reporting to the Minister of Economic Development. The mission of the Corporation is to grow Nova Scotia's film, television, and new media industry with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets. The Corporation's vision is "Nova Scotia is entertaining and informing the world through traditional and new media".

Activities designed to assist the Corporation in achieving its goal of growing the film and television industry include:

- assist and promote the development of the private-sector film, television, and new media industry in the province in the areas of funding, marketing, promotion, training and education;
- create and stimulate employment and investment and encourage the making of film, television, and new media productions in the province;
- assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the province to the film, television, and new media industry in the province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film, television, and new media industry in the province; and
- encourage and promote public/private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

A Board appointed by the Government of Nova Scotia directs the affairs of the Corporation. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and other full-time staff. The Corporation's budget covers administration and all of its industry development programs. In 2003-2004 the Corporation's total revenue was $3.1 million, of which $2.6 million was available for industry investment activities.

The Personnel

The Chief Executive Officer, Ann MacKenzie, has been with the Corporation since 1997. She reports to the Board of Directors and has chief responsibility for all film industry programs administered by the Corporation. A Director of Finance, Program Administrator, Finance Assistant, and an Office Administrator assist the Chief Executive Officer with film investment/incentive programs and other corporate initiatives. A Locations Officer and a Communications & Locations Assistant assist Ann in marketing Nova Scotia as a film location. The NSFDC has a strong and cohesive team that is able to apply its considerable combined talents toward meeting the Corporation's objectives of growing the film, television, and new media industry in Nova Scotia, and the current year results are just an indication of more to come.

Artist credit: Joel MacKenzie

NSFDC Team

Adrienne Muise, Finance Assistant
Ann MacKenzie, Chief Executive Officer
Chantelle White-Evans, Office Administrator
Jennifer MacIntyre, Locations Officer
Linda Wood, Program Administrator
Melissa Hawkes, Communications & Locations Assistant
Shelley Creighton, Director of Finance

Growing the Film Industry in Nova Scotia

The Nova Scotia Film Development Corporation has two streams of programs designed to develop the film industry in Nova Scotia.

The Corporation's financial programs include equity investments, development loans, new media equity investments, feature film distribution assistance, the Bridge Award, travel/market assistance, partnerships in training, and sponsorships.

The second category of programs is aimed at guest filmmakers. The Locations Department promotes the province as a place to film which results in co-productions or in attracting fully financed foreign films. The Locations Officer maintains an extensive library of photographs representing the entire province, and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, location photographs and the Nova Scotia Film and Television Production Guide. A high-quality informative guide to film and television production in the province, the Guide is a key tool used by producers and production companies when considering shooting in Nova Scotia.

Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program. The Film Industry Tax Credit is a labour-based, fully refundable tax credit, which is available to local and guest producers.

Investing in both local filmmakers and locations marketing contributes to the development of a stable and expanding film industry in Nova Scotia.

Local Production

Film Industry Development Programs

The Nova Scotia Film Development Corporation administers several different economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-province producers. In the 2003-2004 fiscal year, there were nine financial programs available for Nova Scotia producers: Equity Investment; Development Loan; New Media Equity Investment; Feature Film Distribution Assistance; CBC/NSFDC Bridge Award; Travel/Market Assistance; Nova Scotia Film Industry Tax Credit; Partnerships in Training; and Sponsorship. In 2003-2004, the Corporation had $2.6 million available for industry investment activities, and producers accessed $15 million through the Nova Scotia Film Industry Tax Credit.

During the year, the Corporation financially supported 42 local projects through its investment programs, which generated $35.3 million of production activity in the province and 17 local projects were supported by tax credit only with combined budgets of $26.7 million.

Equity Investment, New Media Investment & Development Loans

The Corporation will invest in a qualifying Nova Scotia production up to 40% of the production budget spent in the province to maximum dollar participation per project of $250,000. This investment triggers other sources of financing and enables producers to make their films.

The Corporation provides equity investments up to one-third of the production budget spent in the province to a maximum dollar participation per project of $30,000 for new media projects such as CD-ROM, DVD, and Internet-delivered programs that are related to film or television projects in which the Corporation has an equity investment.

The Corporation provides development loans of $15,000 per project to a maximum of one-third of the budget spent in the province. These loans enable producers to develop their ideas to a stage where potential investors will be interested.

During the year the Corporation invested in two feature films, two television mini-series, nine television series, fourteen television specials, and one new media project. In addition, the Corporation supported the development of one feature film, one television mini-series, three television series, and two television specials.

CBC/NSFDC Bridge Award

The Corporation is pleased to partner with CBC Television, Atlantic Region to offer the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment and $10,000 in services from the CBC. Two awards are offered each year in February.

Emerging film producers Sonya Jampolsky and Jay Dahl were each awarded a $30,000 Bridge Award. Ms. Jampolsky produced *Chamberpiece*, a half-hour drama, and Mr. Dahl produced a one-hour documentary, *After Frank*.

Market Access

The Corporation sponsors key festivals and markets, works with Atlantic Canada Film Partners (ACFP) to increase the international profile of Atlantic Canada's film and television industry, and provides financial assistance to local filmmakers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage. In addition, the Corporation regularly hosts Broadcaster/Distributor Forums to increase Nova Scotia filmmakers' access to key decision-makers. Funding for ACFP is provided by the Atlantic Canada Opportunities Agency on a cost-shared basis.

During the year the Corporation sponsored the following markets in various forms: Banff Television Festival, Toronto International Film Festival, Cannes Film Festival, MIPCOM television market, Atlantic Film Festival, and Telefilm Canada Industry Immersion. The Corporation actively marketed its programs and the province's locations at the following events: Canadian Film & Television Production Association Conference, East Coast Music Awards, Cannes Film Festival, Banff Television Festival, Toronto International Film Festival, MIPCOM television market, Telefilm Canada Industry Immersion, and Atlantic Film Festival. The Corporation provided financial assistance to 39 producers with projects in which the Corporation has a financial interest to attend relevant markets as follows:

Travel Market Assistance	# of Producers
Banff Television Festival	10
Hot Docs Canadian International Documentary Festival	2
Toronto International Film Festival	3
MIPCOM television market	2
Telefilm Canada Industry Immersion	4
Cannes Film Festival	1
Montreal International Film Market	1
Strategic Partners	16

Partnerships in Training

The Corporation invests in the continued professional development of Nova Scotia filmmakers through non-profit organizations dedicated to training and development.

Through investment in the Centre for Art Tapes' NextDoc Training and Production Program, emerging Nova Scotia producers, production managers, writers and directors gained access to intensive skill development workshops and the opportunity to produce a half-hour documentary television project.

Investment in the Centre for Art Tapes' Scholarship/Mentorship Program and Moving Images Group's Film and Television Professional Development program resulted in the introduction of a series of inter-disciplinary learning events as well as more traditional skill building opportunities.

NOVA SCOTIA FILM DEVELOPMENT CORPORATION

The Corporation

Created in 1990, the Nova Scotia Film Development Corporation is a Provincial Crown Corporation reporting to the Minister of Economic Development. The mission of the Corporation is to grow Nova Scotia's film, television, and new media industry with our partners by stimulating investment and employment and by promoting Nova Scotia's producers, productions, locations, skills, and creativity in global markets. The Corporation's vision is "Nova Scotia is entertaining and informing the world through traditional and new media".

Activities designed to assist the Corporation in achieving its goal of growing the film and television industry include:

- assist and promote the development of the private-sector film, television, and new media industry in the province in the areas of funding, marketing, promotion, training and education;
- create and stimulate employment and investment and encourage the making of film, television, and new media productions in the province;
- assist and co-ordinate financial or other assistance by any departments, boards, commissions or agencies of the province to the film, television, and new media industry in the province and co-ordinate any financial or other assistance by any departments, boards, commissions or agencies from other jurisdictions to the film, television, and new media industry in the province; and
- encourage and promote public/private partnership opportunities allowing Nova Scotia producers to access additional private sector funds.

A Board appointed by the Government of Nova Scotia directs the affairs of the Corporation. The administration of the Corporation and its programs and the implementation of the Board's decisions are carried out by the Chief Executive Officer and other full-time staff. The Corporation's budget covers administration and all of its industry development programs. In 2003-2004 the Corporation's total revenue was $3.1 million, of which $2.6 million was available for industry investment activities.

The Personnel

The Chief Executive Officer, Ann Mackenzie, has been with the Corporation since 1997. She reports to the Board of Directors and has chief responsibility for all film industry programs administered by the Corporation. A Director of Finance, Program Administrator, Finance Assistant, and an Office Administrator assist the Chief Executive Officer with film investment/incentive programs and other corporate initiatives. A Locations Officer and a Communications & Locations Assistant assist Ann in marketing Nova Scotia as a film location. The NSFDC has a strong and cohesive team that is able to apply its considerable combined talents toward meeting the Corporation's objectives of growing the film, television, and new media industry in Nova Scotia, and the current year results are just an indication of more to come.

NSFDC Team

Adrienne Muise, Finance Assistant
Ann Mackenzie, Chief Executive Officer
Chantelle White-Evans, Office Administrator
Jennifer MacIntyre, Locations Officer
Linda Wood, Program Administrator
Melissa Hawkes, Communications & Locations Assistant
Shelley Creighton, Director of Finance

Growing the Film Industry in Nova Scotia

The Nova Scotia Film Development Corporation has two streams of programs designed to develop the film industry in Nova Scotia.

The Corporation's financial programs include equity investments, development loans, new media equity investments, feature film distribution assistance, the Bridge Award, travel/market assistance, partnerships in training, and sponsorships.

The second category of programs is aimed at guest filmmakers. The Locations Department promotes the province as a place to film which results in co-productions or in attracting fully financed foreign films. The Locations Officer maintains an extensive library of photographs representing the entire province, and the Corporation fills numerous location requests throughout the year. Locations packages include information on Nova Scotia, services available, location photographs and the Nova Scotia Film and Television Production Guide. A high-quality informative guide to film and television production in the province, the Guide is a key tool used by producers and production companies when considering shooting in Nova Scotia.

Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program. The Film Industry Tax Credit is a labour-based, fully refundable tax credit, which is available to local and guest producers.

Investing in both local filmmakers and locations marketing contributes to the development of a stable and expanding film industry in Nova Scotia.

Local Production

Film Industry Development Programs

The Nova Scotia Film Development Corporation administers several different economic incentive programs. These programs are accessible to Nova Scotia producers who may be acting alone or in co-productions with out-of-province producers. In the 2003-2004 fiscal year, there were nine financial programs available for Nova Scotia producers: Equity Investment; Development Loan; New Media Equity Investment; Feature Film Distribution Assistance; CBC/NSFDC Bridge Award; Travel/Market Assistance; Nova Scotia Film Industry Tax Credit; Partnerships in Training; and Sponsorship. In 2003-2004, the Corporation had $2.6 million available for industry investment activities, and producers accessed $15 million through the Nova Scotia Film Industry Tax Credit.

During the year, the Corporation financially supported 42 local projects through its investment programs, which generated $35.3 million of production activity in the province and 17 local projects were supported by tax credit only with combined budgets of $26.7 million.

Equity Investment, New Media Investment & Development Loans

The Corporation will invest in a qualifying Nova Scotia production up to 40% of the production budget spent in the province to maximum dollar participation per project of $250,000. This investment triggers other sources of financing and enables producers to make their films.

The Corporation provides equity investments up to one-third of the production budget spent in the province to a maximum dollar participation per project of $30,000 for new media projects such as CD-ROM, DVD, and Internet-delivered programs that are related to film or television projects in which the Corporation has an equity investment.

The Corporation provides development loans of $15,000 per project to a maximum of one-third of the budget spent in the province. These loans enable producers to develop their ideas to a stage where potential investors will be interested.

During the year the Corporation invested in two feature films, two television mini-series, nine television series, fourteen television specials, and one new media project. In addition, the Corporation supported the development of one feature film, one television mini-series, three television series, and two television specials.

CBC/NSFDC Bridge Award

The Corporation is pleased to partner with CBC Television, Atlantic Region to offer the CBC/NSFDC Bridge Award for emerging producers. This juried program is designed to assist emerging producers in entering the industry. Successful applicants receive a $5,000 CBC broadcast licence, a $15,000 NSFDC equity investment and $10,000 in services from the CBC. Two awards are offered each year in February.

Emerging film producers Sonya Lampolsky and Jay Dahl were each awarded a $30,000 Bridge Award. Ms. Lampolsky produced *Chamberpiece*, a half-hour drama, and Mr. Dahl produced a one-hour documentary, *After Frank*.

Market Access

The Corporation sponsors key festivals and markets, works with Atlantic Canada Film Partners (ACFP) to increase the international profile of Atlantic Canada's film and television industry, and provides financial assistance to local filmmakers to attend markets and festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage. In addition, the Corporation regularly hosts Broadcaster/Distributor Forums to increase Nova Scotia filmmakers' access to key decision-makers. Funding for ACFP is provided by the Atlantic Canada Opportunities Agency on a cost-shared basis.

During the year the Corporation sponsored the following markets in various forms: Banff Television Festival, Toronto International Film Festival, Cannes Film Festival, MIPCOM television market, Atlantic Film Festival, and Telefilm Canada Industry Immersion. The Corporation actively marketed its programs and the province's locations at the following events: Canadian Film & Television Production Association Conference, East Coast Music Awards, Cannes Film Festival, Banff Television Festival, Toronto International Film Festival, MIPCOM television market, Telefilm Canada Industry Immersion, and Atlantic Film Festival. The Corporation provided financial assistance to 39 producers with projects in which the Corporation has a financial interest to attend relevant markets as follows:

Travel Market Assistance	# of Producers
Banff Television Festival	10
Hot Docs Canadian International Documentary Festival	2
Toronto International Film Festival	3
MIPCOM television market	2
Telefilm Canada Industry Immersion	4
Cannes Film Festival	1
Montreal International Film Market	1
Strategic Partners	16

Partnerships in Training

The Corporation invests in the continued professional development of Nova Scotia filmmakers through non-profit organizations dedicated to training and development.

Through investment in the Centre for Art Tapes' NextDoc Training and Production Program, emerging Nova Scotia producers, production managers, writers and directors gained access to intensive skill development workshops and the opportunity to produce a half-hour documentary television project.

Investment in the Centre for Art Tapes' Scholarship/Mentorship Program and Moving Images Group's Film and Television Professional Development program resulted in the introduction of a series of inter-disciplinary learning events as well as more traditional skill building opportunities.

The Corporation provided financial assistance to recipients of a National Screen Institute totally Television prize: three producers to participate in the National Screen Institute Global Marketing Program, one producer to participate in the Women in Film and Television - Feature Film Financing Incubator Program, and one producer to attend the Alliance Atlantis Banff Television Executive Program.

Sponsorships

The Atlantic Film Festival hosts public screenings of current films for adults and children, competitions, workshops, and seminars that assist in the development of the industry. Each year work from around the world is showcased, but most importantly, works by Nova Scotia filmmakers are featured. This offers local audiences an opportunity to see original films by the region's up-and-coming talent. The Corporation views the Atlantic Film Festival as an important development and showcase opportunity for the Nova Scotia film industry and is, therefore, pleased to partner with the festival.

Locations Department

Locations marketing activities carried out by the Corporation resulted in $51 million of foreign production activity in the province.

Location Services

As a full-service film commission and a member of the Association of Film Commissioners International, the Locations Department offers a variety of services to the international film industry interested in Nova Scotia as a film location. These services include script breakdown, access to a digital location library, location scouting and serving as government and industry liaison.

The Locations Department responded to over 200 inquiries, with 41 of those seeking location information for specific projects. The Department provided scouting services to 15 companies who visited Nova Scotia with specific projects in mind.

Guest Production Filmed March 31, 2004

Movies of the Week (MOWs)	Sex & the Single Mom	Lifetime
	Blessings	CBS
	Finding John Christmas	CBS
	The Elizabeth Smart Story	CBS
	Gracie's Choice	Lifetime
	Teens	Lifetime
Mini-Series	Reversible Errors	CBS
Television Series	Farzzle's World	Treehouse

Location Library Database

Location services include complete script breakdown service with locations provided from the Corporation's library of over 5,000 images of the province. In June 2003, the Corporation invested in new software that enables the maintenance of a digital location library and production tracking. The Film Industry Location Manager (FILM) allows the Locations Department to maintain detailed information on locations around the province, as well as numerous digital pictures of these locations. When providing a location package to prospective clients, the Department may now respond by creating client-specific websites or in the traditional printed format. In 2004-2005, the Department will continue to build on the availability of locations in FILM.

Marketing

The Locations Department manages the development of the annual Nova Scotia Film and Television Production Guide. Two thousand copies of the guide are distributed to the local community and it is used as the key fulfillment piece for all requests pertaining to location shooting in the province, both direct requests and those generated from festivals and markets.

The Corporation undertakes a variety of targeted marketing activities in key markets of opportunity. These activities include attendance at trade shows, markets and festivals, advertising, familiarization tours of the province for key clients, lead generation and direct selling. Some highlights include:

- partnering with Telefilm Canada, the Trade Routes program, the Department of Foreign Affairs and other provincial funding agencies to host a Canadian Pavilion at five key markets including the Cannes Film Market, NATPE, American Film Market, MIP-TV and MIPCOM. This pavilion serves as a business center for Canadian producers to facilitate sales and future business activities;
- traveling to New York in September to meet with potential film and television producer clients, outlining for them the benefits of filming in Nova Scotia;
- hosting the Senior Vice President, Production of MGM-Television for a familiarization tour of the province; and
- providing clients with easier access to the Nova Scotia Film and Television Production Guide by making it available online.

Community Relations

The Film Advisory Committee (FAC) is a public-private sector partnership between the NSFDC, the Halifax Regional Municipality Film Office, several labour unions and other industry personnel. The purpose of this committee is to provide a formal vehicle through which government and industry can work together to address opportunities and issues in the industry as they arise, particularly in regard to guest production.

In September 2003, the FAC launched the *Thank You Halifax Regional Municipality, Thank You Nova Scotia* campaign. The campaign sought to thank residents of the province for their hospitality in hosting film productions in their homes, businesses and neighborhoods. The campaign will run again in Fall 2004.

The Corporation provided financial assistance to recipients of a National Screen Institute Totally Television prize, three producers to participate in the National Screen Institute Global Marketing Program, one producer to participate in the Women in Film and Television - Feature Film Financing Incubator Program, and one producer to attend the Alliance Atlantis Banff Television Executive Program.

Sponsorships

The Atlantic Film Festival hosts public screenings of current films for adults and children, competitions, workshops, and seminars that assist in the development of the industry. Each year work from around the world is showcased, but most importantly, works by Nova Scotia filmmakers are featured. This offers local audiences an opportunity to see original films by the region's up-and-coming talent. The Corporation views the Atlantic Film Festival as an important development and showcase opportunity for the Nova Scotia film industry and is, therefore, pleased to partner with the festival.

Locations Department

Locations marketing activities carried out by the Corporation resulted in $51 million of foreign production activity in the province.

Location Services

As a full-service film commission and a member of the Association of Film Commissioners International, the Locations Department offers a variety of services to the international film industry interested in Nova Scotia as a film location. These services include script breakdown, access to a digital location library, location scouting and serving as government and industry liaison.

The Locations Department responded to over 200 inquiries, with 41 of those seeking location information for specific projects. The Department provided scouting services to 15 companies who visited Nova Scotia with specific projects in mind.

Guest Production Filmed March 31, 2004

Movies of the Week (MOWs)	Sex & the Single Mom	Lifetime
	Blessings	CBS
	Finding John Christmas	CBS
	The Elizabeth Smart Story	CBS
	Gracie's Choice	Lifetime
	Teens	Lifetime
Mini-Series	Reversible Errors	CBS
Television Series	Farzzle's World	Treehouse

Location Library Database

Location services include complete script breakdown service with locations provided from the Corporation's library of over 5,000 images of the province. In June 2003, the Corporation invested in new software that enables the maintenance of a digital location library and production tracking. The Film Industry Location Manager (FILM) allows the Locations Department to maintain detailed information on locations around the province, as well as numerous digital pictures of these locations. When providing a location package to prospective clients, the Department may now respond by creating client-specific websites or in the traditional printed format. In 2004-2005, the Department will continue to build on the availability of locations in FILM.

Marketing

The Locations Department manages the development of the annual Nova Scotia Film and Television Production Guide. Two thousand copies of the guide are distributed to the local community and it is used as the key fulfillment piece for all requests pertaining to location shooting in the province, both direct requests and those generated from festivals and markets.

The Corporation undertakes a variety of targeted marketing activities in key markets of opportunity. These activities include attendance at trade shows, markets and festivals, advertising, familiarization tours of the province for key clients, lead generation and direct selling. Some highlights include:

- partnering with Telefilm Canada, the Trade Routes program, the Department of Foreign Affairs and other provincial funding agencies to host a Canadian Pavilion at five key markets including the Cannes Film Market, NATPE, American Film Market, MIP-TV and MIPCOM. This pavilion serves as a business center for Canadian producers to facilitate sales and future business activities;
- traveling to New York in September to meet with potential film and television producer clients, outlining for them the benefits of filming in Nova Scotia;
- hosting the Senior Vice President, Production of MGM-Television for a familiarization tour of the province; and
- providing clients with easier access to the Nova Scotia Film and Television Production Guide by making it available online.

Community Relations

The Film Advisory Committee (FAC) is a public-private sector partnership between the NSFDC, the Halifax Regional Municipality Film Office, several labour unions and other industry personnel. The purpose of this committee is to provide a formal vehicle through which government and industry can work together to address opportunities and issues in the industry as they arise, particularly in regard to guest production.

In September 2003, the FAC launched the *Thank You Halifax Regional Municipality, Thank You Nova Scotia* campaign. The campaign sought to thank residents of the province for their hospitality in hosting film productions in their homes, businesses and neighborhoods. The campaign will run again in Fall 2004.

Nova Scotia Film Industry Tax Credit

The Nova Scotia Film Industry Tax Credit is a refundable corporate tax credit designed to encourage film and television production in Nova Scotia. The Film Industry Tax Credit is a key financing tool for local productions and serves as an incentive in attracting guest productions to the province. Production companies employing Nova Scotians are eligible to claim a percentage of Nova Scotia labour that is directly attributable to the production. A regional bonus is available for productions occurring outside the Metro Halifax area.

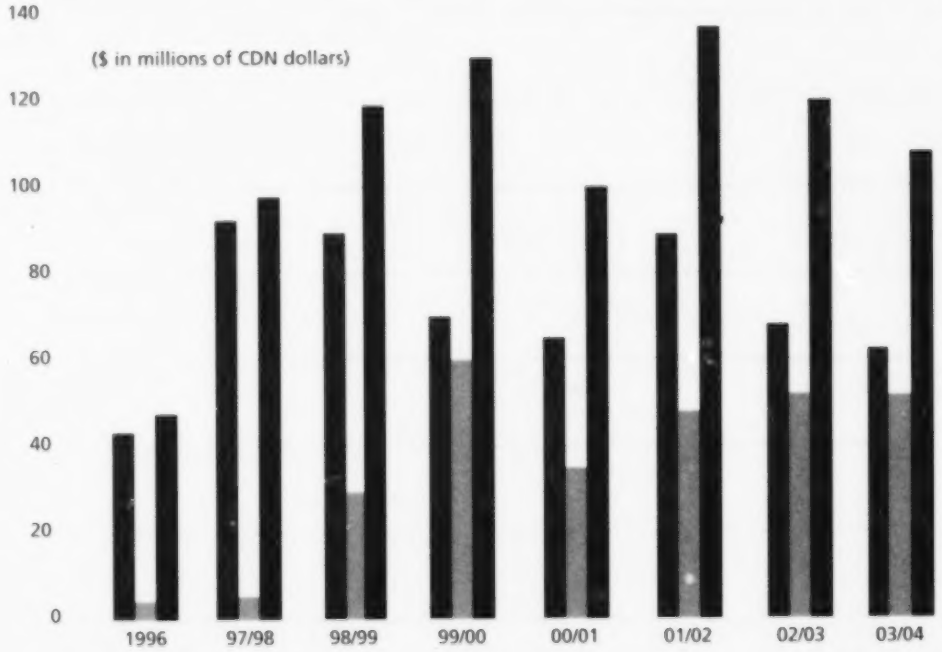
For the period April 1, 2003 to March 31, 2004, 74 tax credit certificates, totaling $15 million, were issued for film and television productions.

Finalized Nova Scotia Film Industry Tax Credits
April 1, 2003 – March 31, 2004

Format	# Of Projects	Tax Credit
TV Series	24	$6,502,269
Feature Films	7	$4,060,519
TV Movie	9	$3,466,393
TV Documentary	18	$436,557
TV Special	13	$537,027
Total	**71**	**$15,002,765**

*Note: The number of projects does not equal the number of certificates issued due to multiple claims for projects that exceeded one year of production.

Nova Scotia Film Industry Production Activity from 1996–2004



Nova Scotia	vs.	Guest*
1996 = 43.3	vs.	4.3
97/98 = 92.5	vs.	5.4
98/99 = 89.5	vs.	29.5
99/00 = 70	vs.	60
00/01 = 65	vs.	35
01/02 = 89	vs.	48
02/03 = 68	vs.	52
03/04 = 62	vs.	51

Nova Scotia
Guest
Total

Source: Nova Scotia Film Development Corporation

*Please note that "Guest" production refers to Non-Nova Scotia projects filmed in Nova Scotia

Note: Actual results may vary as these figures are based on budgeted amounts.

AUDITOR'S REPORT

Levy
Casey
Carter
MacLean
Chartered Accountants

AUDITORS' REPORT

**TO THE MEMBERS OF THE BOARD OF THE
NOVA SCOTIA FILM DEVELOPMENT CORPORATION:**

We have audited the balance sheet of Nova Scotia Film Development Corporation as at March 31, 2004 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corportion's management. Our responsibility is to express an opinion on these financial statements based on our audit.

C. Ross Casey Inc.
Terry Carter Ltd.
Stuart S. MacLean Inc.
J.E. Melvin Inc.
Greg F. Strange Inc.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations for the year then ended in accordance with the generally accepted accounting principles.

Halifax, Nova Scotia
May 14, 2004

**LEVY CASEY CARTER MACLEAN
CHARTERED ACCOUNTANTS**

Page 1

58 Bedford Highway
Halifax, Nova Scotia
B3M 2J2
Phone (902) 445-4446
Fax (902) 443-4846

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2004

ASSETS

	2004	2003
Current		
Cash and short term investments	$ 914,863	$ 1,339,928
Other receivables	105,987	185,811
Prepaid expenses	21,111	35,120
	1,041,961	1,560,859
Capital assets (note 3)	21,400	7,806
	$ 1,063,361	$ 1,568,665

LIABILITIES

Current		
Payables and accruals, trade	$ 79,454	$ 69,503
Commitments payable (note 4)	906,216	1,421,516
Deferred revenue	73,902	69,839
	1,059,572	1,560,858

NET ASSETS

Surplus	3,789	7,807
	$ 1,063,361	$ 1,568,665

Approved on behalf of the Board

Chair

Member

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2004

ASSETS

	2004	2003
Current		
Cash and short term investments	$ 914,863	$ 1,339,928
Other receivables	105,987	185,811
Prepaid expenses	21,111	35,120
	1,041,961	1,560,859
Capital assets (note 3)	21,400	7,806
	$ 1,063,361	$ 1,568,665

LIABILITIES

Current		
Payables and accruals, trade	$ 79,454	$ 69,503
Commitments payable (note 4)	906,216	1,421,516
Deferred revenue	73,902	69,839
	1,059,572	1,560,858

NET ASSETS

Surplus	3,789	7,807
	$ 1,063,361	$ 1,568,665

Approved on behalf of the Board

Chair

Member

*23rd Atlantic Film Festival
*Director Thom Fitzgerald and star Olympia Dukakis meet the press at media conference for The Event.
Photo Credit: Krista Koval

3 Needles
Courage Pictures Inc. / Emotion Pictures Inc.

Wilby Wonderful
Palpable Productions Inc.
Photo Credit: Nance Ackerman

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2004

	2004	2003
Revenue		
Contributions from the Department of Economic Development	$ 2,738,526	$ 2,388,700
Recovery of equity investments and development loans (notes 6 & 7)	258,049	147,493
First Works	–	70,889
Interest and other income	121,485	84,929
	3,118,060	2,692,011
Expenditures		
Equity investments (note 6)	2,346,630	1,738,137
Project development loans (note 7)	88,398	234,479
Special projects	142,084	208,036
Training assistance, net of recoveries	(10,334)	(955)
First Works	–	66,820
Advertising and marketing	180,179	161,656
Administrative expenses	375,121	360,762
	3,122,078	2,768,935
Deficit of revenues over expenditures	(4,018)	(76,924)
Net assets, beginning year	7,807	84,731
Net assets, end of year	$ 3,789	$ 7,807

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2004

	2004	2003
Revenue		
Contributions from the Department of Economic Development	$ 2,738,526	$ 2,388,700
Recovery of equity investments and development loans (notes 6 & 7)	258,049	147,493
First Works	–	70,889
Interest and other income	121,485	84,929
	3,118,060	2,692,011
Expenditures		
Equity investments (note 6)	2,346,630	1,738,137
Project development loans (note 7)	88,398	234,479
Special projects	142,084	208,036
Training assistance, net of recoveries	(10,334)	(955)
First Works	–	66,820
Advertising and marketing	180,179	161,656
Administrative expenses	375,121	360,762
	3,122,078	2,768,935
Deficit of revenues over expenditures	(4,018)	(76,924)
Net assets, beginning year	7,807	84,731
Net assets, end of year	$ 3,789	$ 7,807

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Industry Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in net assets is considered adequate.

b) Program loans and equity participation are recorded as a liability when the funding is formally committed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

3. Capital Assets

		2004			2003
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	50%	$ 11,013	$ 5,738	$ 5,275	$ 5,970
Computer software	50%	18,356	5,022	13,334	867
Equipment	20%	3,317	526	2,791	969
		$ 32,686	**$ 11,286**	**$ 21,400**	**$ 7,806**

Amortization is calculated using the declining balance method, at rates based on the estimated useful life of the assets, as indicated above.

4. Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods.

5. Costs Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2004	2003
Legal services	$ 25,000	$ 60,000
Rent	25,000	25,000
	$ 50,000	$ 85,000

The value of these services is not reflected in these financial statements.

6. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $179,311 (2003 - $83,514) in the recovery of equity investments. The total of equity investments of the Corporation to March 31, 2004 is $23,061,442. As at March 31, 2004, $1,260,397 has been recouped.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2004 were $1,923,199 (2003 - $1,850,714). Development loans of $78,738 (2003 - $63,979) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The Public Service Superannuation Fund is administered by the Department of Finance. During the year, the Corporation contributed $15,796 to the fund.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Corporation. The Corporation is dependent on the Office of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

10. Comparative Figures

Certain of the comparative figures are restated to conform with current year's presentation.

11. Prior Period Adjustment

In an effort to fully conform with Generally Accepted Accounting Principles, the Corporation has implemented a change in accounting policy for both capital assets and commitments payable:

The financial information for 2003 has been restated to reflect a change in accounting policy for capital assets. The Corporation previously recorded capital assets as current expenditures. The policy has been changed to record capital expenditures as capital assets and to amortize these assets as indicated in Note 3.

The financial information for 2003 has also been restated to reflect the change in accounting policy for commitments payable. The Corporation previously recorded program disbursements as expenditures as the funds were disbursed. The policy has been changed to accrue these commitments as liabilities and to record the program expenses when the amount is formally committed.

As a result of these changes, the 2003 operating deficit has decreased to $76,924 from $463,100 and total net assets has decreased to $7,807 from $1,421,516.

Trudeau II
Big Motion Pictures Ltd.
Photo Credit: Chris Reardon

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2004

1. Authority

The Nova Scotia Film Development Corporation was incorporated through an act proclaimed by the Governor in Council on August 1, 1990. The chief purpose of the Corporation is to promote the development of, and to create and stimulate employment and investment in, the Nova Scotia film and video industry by providing financial and other assistance.

The Corporation has been designated by the Minister of Finance to administer the Nova Scotia Film Industry Tax Credit Program, including registration of productions and review of tax credit applications.

2. Significant accounting policies

a) A statement of cash flows is not provided since disclosure in the statement of operations and changes in net assets is considered adequate.

b) Program loans and equity participation are recorded as a liability when the funding is formally committed. Recoveries derived from equity investments and development loans are recorded as revenue when received. It is not feasible to accrue recoveries from equity investments and project development loans since these recoveries remain uncertain until received, as they are based upon the financial results of the recipients' activities.

3. Capital Assets

		2004			2003
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	50%	$ 11,013	$ 5,738	$ 5,275	$ 5,970
Computer software	50%	18,356	5,022	13,334	867
Equipment	20%	3,317	526	2,791	969
		$ 32,686	**$ 11,286**	**$ 21,400**	**$ 7,806**

Amortization is calculated using the declining balance method, at rates based on the estimated useful life of the assets, as indicated above.

4. Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which may not be disbursed until subsequent fiscal periods.

5. Costs Paid by the Province of Nova Scotia

During the year, services were provided to the Corporation by government departments, the estimated amounts are as follows:

	2004	2003
Legal services	$ 25,000	$ 60,000
Rent	25,000	25,000
	$ 50,000	$ 85,000

The value of these services is not reflected in these financial statements.

6. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as received.

During the year the Corporation received $179,311 (2003 - $83,514) in the recovery of equity investments. The total of equity investments of the Corporation to March 31, 2004 is $23,061,442. As at March 31, 2004, $1,260,397 has been recouped.

7. Project Development Loans

The Corporation provides loans to qualified applicants to support the essential process of development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Project development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party. Total development loans outstanding on March 31, 2004 were $1,923,199 (2003 - $1,850,714). Development loans of $78,738 (2003 - $63,979) were recouped during the year.

8. Public Service Superannuation Fund

All full-time employees of the Corporation are entitled to receive pension benefits pursuant to the provisions of the pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The Public Service Superannuation Fund is administered by the Department of Finance. During the year, the Corporation contributed $15,796 to the fund.

9. Economic Dependence and Related Party Transactions

The Province of Nova Scotia is a related party of the Corporation. The Corporation is dependent on the Office of Economic Development for annual funding. Details of any transactions between these related parties are separately disclosed.

10. Comparative Figures

Certain of the comparative figures are restated to conform with current year's presentation.

11. Prior Period Adjustment

In an effort to fully conform with Generally Accepted Accounting Principles, the Corporation has implemented a change in accounting policy for both capital assets and commitments payable.

The financial information for 2003 has been restated to reflect a change in accounting policy for capital assets. The Corporation previously recorded capital assets as current expenditures. The policy has been changed to record capital expenditures as capital assets and to amortize these assets as indicated in Note 3.

The financial information for 2003 has also been restated to reflect the change in accounting policy for commitments payable. The Corporation previously recorded program disbursements as expenditures as the funds were disbursed. The policy has been changed to accrue these commitments as liabilities and to record the program expenses when the amount is formally committed.

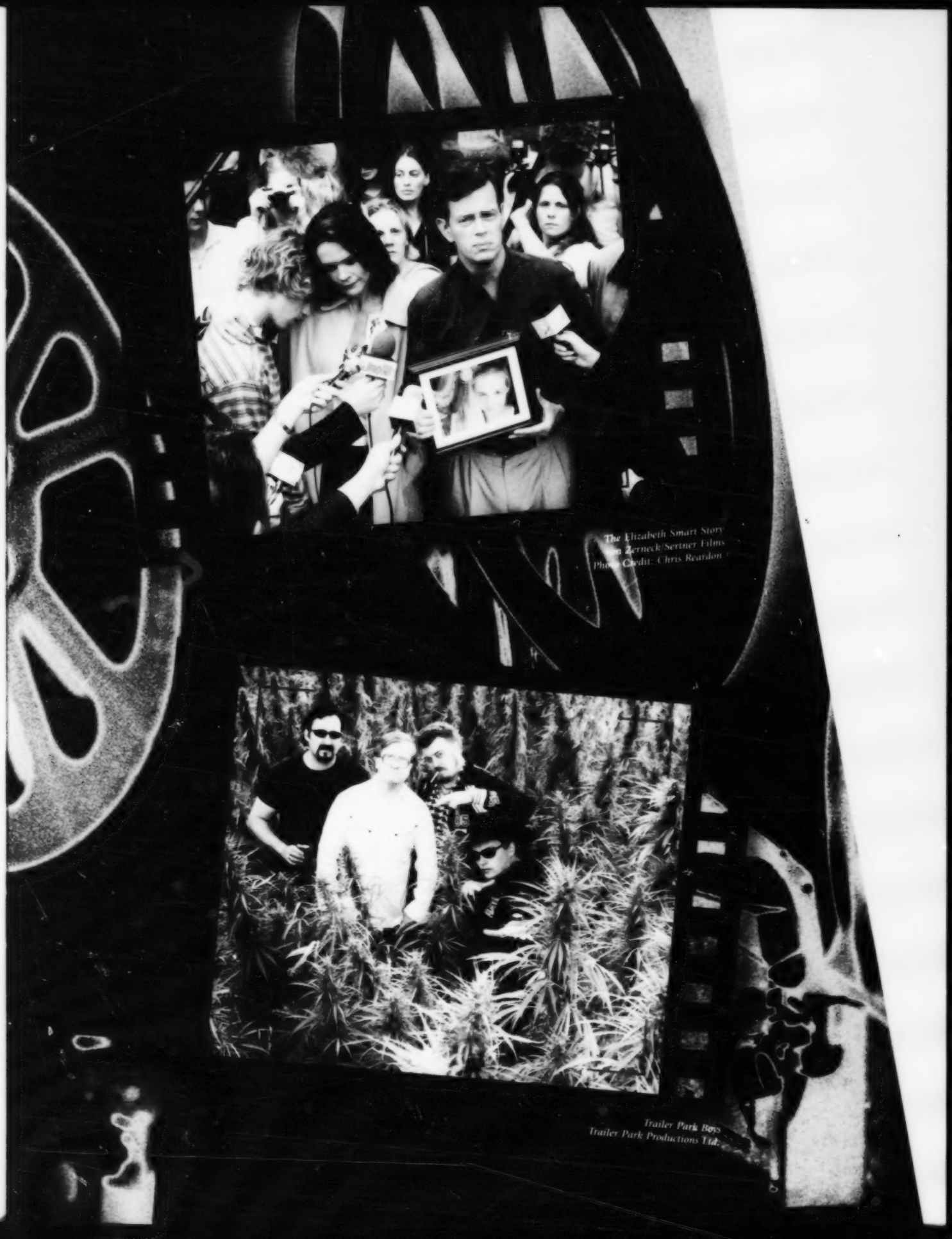
As a result of these changes, the 2003 operating deficit has decreased to $76,924 from $463,100 and total net assets has decreased to $7,807 from $1,421,316.

Ittakun II
Itz Mouse Pictures Ltd.
Photo Credit: Chris Bandow

Rock Camp
Collideoscope Digital Productions Inc.
Photo Credit: Scott Munn

Sleep Murder
Big Motion Pictures Ltd.
Shaftesbury Films
Photo Credit: Chris Reardon

The Singular Series
Creative Atlantic Communications Ltd.
Photo Credit: Tasey Kimbley



The Elizabeth Smart Story
Lee Zerneck/Sertner Films
Photo Credit: Chris Reardon

Trailer Park Boys
Trailer Park Productions Ltd.

Nova Scotia
Film Development
Corporation

1724 Granville Street
Halifax, Nova Scotia
Canada B3J 1X5

Tel: (902) 424-7177
Fax: (902) 424-0617
www.film.ns.ca